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## Canada

### Agricultural Situation

## This Week in Canadian Agriculture, Issue 38 2003

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**Report Highlights:**

FAS Opens Toronto Office \* Canadian Food Consumption Trends Good News for U.S. Exporters \* Record Log Exports for B.C. \* Canada Spends \$20 million for GM trees \* Alberta Launches NAFTA Challenge to USITC Ruling on Canadian Wheat \* CWB Releases Position Statement for WTO Ag Talks \* Ontario Early Soybean Yields Disappointing \* Alberta Crop Conditions \* New Cattle and Hog Plant for Saskatchewan

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Ottawa [CA1]  
[CA]

This Week in Canadian Agriculture is a weekly review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives.

*Disclaimer:* Any press report summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

**FAS OPENS TORONTO OFFICE:** The Foreign Agricultural Service is pleased to announce the opening of a new office in Toronto, Ontario. This is the first FAS office in Canada outside of the capital, Ottawa. Toronto is the largest city in Canada and home to many of the country's food-related companies. Roselynn Pucan-Meagor, formerly with the State of California office in Mexico, is the primary contact for the Toronto office. She will work closely with FAS industry partners to coordinate U.S. trade promotions and develop market opportunities for U.S. agricultural products in the hotel, restaurant, and retail sectors. She will also work closely with the Ottawa office to assist individual U.S. food and beverage exporters to expand their markets throughout Canada. She can be reached by phone at (416) 646-1656, by fax at (416) 646-1389, or by email at [fastoronto@usda-canada.com](mailto:fastoronto@usda-canada.com).

**SURVEY SHOWS CANADIANS EAT THEIR FRUITS AND VEGETABLES; GOOD NEWS FOR U.S. EXPORTERS:** A new survey by Statistics Canada's designed to estimate how much food and nutrients Canadians consume after adjusting to account for waste in stores, homes and restaurants shows that Canadians are eating more fruit, vegetables and fish, and the news is all good for U.S. exporters in those sectors. The average Canadian ate 72 kilograms of fruit last year, a 19% increase over 1992, and 110 kg of vegetables, a 4.0% increase over a decade earlier. Potatoes account for 35.0% of that total (38 kg of potatoes per person in 2002), either in fresh or processed form such as french fries and potato chips. Fruit juices and fruit drinks consumed rose sharply, jumping by 24% to total 25 liters annually for the average Canadian in 2002. Canadians are eating more fish, too, though it remains a small part of the menu when compared with most other forms of meat. The average Canadian consumed more than 7.0 kg of fish last year, up 16.4% in a decade. Canada is the number one market for U.S. exports of fruits and vegetables, the leading market for U.S. juice exporters and the number two market for U.S. fish and seafood exports.

**BC EXPERIENCES RECORD LOG EXPORTS:** An October 10 article from the *Vancouver Sun* reported that British Columbia (BC) exported a record number of logs last year -- almost one in every four sawlogs harvested on the coast -- raising alarms from both workers and manufacturing companies that too much raw timber is leaving the province. The BC Coast region alone exports enough raw logs to feed six or seven sawmills; most of which are going to the U.S. Export figures from the BC Ministry of Forests (BCMOF) show 3.7 million cubic metres (m<sup>3</sup>) of timber were shipped out of BC last year, the highest volume on record. The article states that exports have jumped dramatically as a result of the softwood lumber dispute with the U.S. because lumber is subject to 27.2% duties, while logs, are duty-free. BCMOF estimates that over \$500 million in timber left the province in 2002. "The value of these exports increased from \$128.3 million in 1998 to \$515.1 million in 2002," states a May 30 report by BC Statistics. An industry observer also noted that the U.S. has become a prime destination for BC timber because of the fact the U.S. Pacific Northwest has more efficient sawmills. Private landowners are defending their rights to export, saying regulations requiring them to sell logs domestically robs value from their assets. "Forcing forest landowners to sell to domestic sawmills at B.C. prices, which are significantly lower than the international price, basically transfers values from us, the tree-grower to the sawmiller," said a Timberwest spokesperson. The spokesperson also noted that log exports from private land

are regulated by the federal government only in BC, not other provinces. Logs from private lands need to pass a federal means test -- they must first be advertised for sale in BC before being sold to international buyers.

**CANADA SPENDS \$20M FOR GENETICALLY MODIFIED TREES:** An October 11 *National Post* article reported that the Canadian federal government is spending upward of \$20-million a year to create genetically modified trees and says commercial plantations could be just a decade away. The article says that the goal of field trials under way in Quebec is to study "transgenic" trees so the Canadian government can be fully informed if a timber company wants to plant them in the future, says the program's chief researcher. The industry is interested in genetically modifying trees to make them impervious to spruce budworm, produce better quality wood or for other commercial benefits.

**NEW HOG AND CATTLE PLANT FOR SASKATCHEWAN:** D.M.B. Food Processors Inc. has announced plans to open a C\$65 million meat plant near Qu'Appelle, Saskatchewan. According to press reports, the plant will have the capacity to slaughter and process about 4,000 cattle and 9,000 hogs per week (Comment: currently, there is only one federally inspected cattle slaughter facility in Saskatchewan and the province's share of national hog slaughter is only about 5%). Management anticipates value-added markets in Canada, the U.S. and Asia and Europe. Environmental impact studies have already been completed and building permits are expected to be issued in the near future. The facility is scheduled to open within 18 months. Provincial agriculture minister, Clay Serby told the press that there is no government money in the project although the province has agreed to upgrade the road and power service and provide water services through SaskWater, a provincial crown corporation.

**ALBERTA GOVERNMENT LAUNCHES NAFTA CHALLENGE TO USITC RULING ON CANADIAN WHEAT:** According to the October 10 *Agriline*, the Alberta provincial government is launching its own challenge under NAFTA of the recent U.S. ITC injury decision confirming duties on imports of Canadian spring wheat. The basis of the action will be the methodology used by the U.S. Commerce Department in determining that the use of government railcars is a subsidy to producers. The article reports that the Alberta government owns 1,000 hopper cars.

**CWB RELEASES POSITION STATEMENT FOR WTO AG TALKS:** As part of its continuing efforts to expand and protect global market access for western Canadian wheat and barley farmers, the Canadian Wheat Board (CWB) has developed a position statement for the on-going negotiations and discussions within the World Trade Organization (WTO). The CWB will continue to pursue vigorously outcomes including the elimination of export subsidies and significant reduction of trade and production distorting domestic support; the elimination of the misuse of export credit and food aid, which displaces commercial trade; and the application of existing State Trading Enterprises (STE) rules to private entities of equal or greater market power. The CWB position and background information is now available at: [http://www.cwb.ca/en/topics/trade\\_issues/wto.jsp](http://www.cwb.ca/en/topics/trade_issues/wto.jsp)

**NEW MARKETS FOR CANADIAN SOYBEANS BEING EXPLORED:** According to the October 10 edition of *Good Morning Ontario*, biodiesel, soy protein as a food ingredient, and bio-based products such as candle wax are three areas that hold the greatest promise for increasing the domestic usage of soybeans. These future prospects were highlighted at the 1st Annual Meeting of Soy 20/20 held recently in Guelph, Ontario. Soy 20/20, a government, academic and industry partnership, was formed in 2002 to stimulate and seize new domestic opportunities for Canadian soybeans. The long-term goal of Soy 20/20 is to move at least 300,000 acres of Canadian soybean production out of the commodity market and into the

more lucrative value-added market, which would result in a possible premium paid to growers for value-added soybeans.

**ONTARIO EARLY SOYBEAN YIELDS DISAPPOINTING:** According to the Ontario Ministry of Agriculture and Food, Ontario yields being reported from soybean fields harvested to date have been mostly disappointing. Yield levels ranging from the 20's (bushels) to the 50's have been reported with many in the low to mid 30's. The reasons for these low yields are many and would certainly be different across the province, but in most cases, clearly the drought through August in many regions was the prime culprit. That period of soybean growth through August coincides directly with the seed-filling period - the time when the beans are actually made. Any stress during that period will have a negative impact on final yield and the drought stress that occurred was long enough and severe enough to have an impact. That accounts for some of it. Aphids in some fields had some impact as well. In addition, the third culprit is the advance of soybean cyst nematode (SCN) across the province into regions and soil types not normally associated with this problem. There are additional concerns like brown stem rot, white mould, root rots, late planting, early frost and a host of other environmental and biological factors that are accounting for these initial low yields.

**ALBERTA CROP CONDITIONS AS OF OCTOBER 9, 2003:** According to Alberta Agriculture, Food and Rural Development's final crop report, harvest is virtually complete in Alberta with over 96% of the 2003 crop in the bin. Crops still in the field, mostly canola and oats, are generally found in the Peace Region. Combining is nearly 100% complete in the Southern and North East Regions, over 96% in the Central and North West Regions, and 88% in the Peace Region. Estimates of harvest progress by crop are: canola 92%, oats 95%, spring wheat and barley 98%, durum wheat and dry peas 99%. The recent warm, dry weather conditions allowed most producers to finish the 2003 harvest. Drought conditions and insect infestations are the major challenges to many producers in the 2003 crop season. However, overall growing conditions have been much better, compared to 2002. Provincial average yields in 2003 are estimated at near the 10-year average for cereals and above the 10-year average for canola. Preliminary results of early sample tests indicate favorable quality for most crops. Durum and spring wheat are primarily graded as 1CW or 2CW. About 80% of canola is rated as 1CW. High protein levels, however, reduced the availability of malt barley. Barley producers also reported low plumpness and light bushel weight. Conditions of fall-seeded crops vary, ranging from poor to excellent. Grasshopper number remains high in many areas. Weed infestations are a concern in some districts. Additionally, poor moisture conditions remained unchanged. Provincially, surface soil moisture is rated as 58% poor, 29% fair, and 13% good. Rating of sub-surface moisture is 68% poor, 28% fair, and 4% good.

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CA3057	Grain and Feed September Update	9/6/2003
CA3055	Livestock Annual	9/4/2003

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